

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7362

BILL NUMBER: HB 1775

DATE PREPARED: Jan 13, 2001

BILL AMENDED:

SUBJECT: Titles for Repossessed Motor Vehicles.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a procedure under which a person who holds a lien on and has repossessed a motor vehicle, semitrailer, or recreational vehicle that is located in and titled in Indiana may obtain a certificate of title to the motor vehicle, semitrailer, or recreational vehicle from the Bureau of Motor Vehicles (BMV). It provides a procedure under which a dealer, a transfer dealer, or an automobile auctioneer may obtain a title from the Bureau to a motor vehicle, semitrailer, or recreational vehicle that is located in or titled in another state for a person who holds a lien on and has repossessed the motor vehicle, semitrailer, or recreational vehicle, without regard to the repossessing person's state of residence or business. The bill provides for a civil penalty and injunctive relief and suspension or revocation of the license of a dealer, transfer dealer, or automobile auctioneer against a person who fraudulently obtains a title through the use of the procedure or violates a rule or order of the Bureau. It makes conforming changes.

Effective Date: July 1, 2001.

Explanation of State Expenditures: Currently, all vehicles are run through the NICB (National Insurance Crime Bureau) Theft Check through the National Motor Vehicle Title Information System (NMVTIS). Any title that receives an adverse response is held for five days and the State Police are notified. The State Police can then approve or deny the title. This proposal requires each of the vehicles to be run through the National Crime Information Center (NCIC) before the title is issued. When vehicles are run through the NCIC using existing programs, titles are issued with a notification to the State Police concerning any adverse results. However, law enforcement cannot stop the issuance of the title.

BMV reports that there are two options:

- 1) Run all possession titles through NCIC and issue titles regardless of results; or
- 2) Incorporate NCIC into the NMVTIS program and hold title issuance on adverse responses.

BMV also estimates the start-up costs for each of the options to be the following:

Option 1) programming changes in house: \$1,800

Option 2) programming changes in house: \$10,400

Non-Computer Costs:

Equipment/New Employees: \$6,000

Annual On-going Costs

2 Clerical Assistants III: \$53,496

1 Investigator: \$24,984

Travel: \$ 9,000

Total \$87,480

The fund affected is the Motor Vehicle Highway Account which supports the BMV.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. In FY 2000, the BMV reverted approximately \$2.9 M. In the budget submitted for the 2001-2003 biennium, the BMV listed 70 vacancies, with 26 positions funded. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Provisions for civil penalties are also provided in the bill. At the request of the BMV, the Attorney General shall institute an action: 1) to recover civil penalties as provided in the bill; and 2) to seek injunctive relief as provided in the proposal. The specific fiscal impact for the Attorney General's office will depend upon the number of actions brought. It is likely that the current staff of the Attorney General's office can handle the provisions of this bill. The fund affected is the state General Fund.

Explanation of State Revenues: The bill provides for a civil penalty of not less than \$500 and not more than \$1,000 for each violation. Any civil penalties recovered under this proposal would be deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; State Police; Attorney General.

Local Agencies Affected:

Information Sources: Jane Morrical, Director of Treasury of the BMV, 232-2822; Melanie Schwartz, Deputy Commissioner of the BMV, 233-1218.